GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3772
ANSWERED ON:23.12.2004
UNAUTHORISED USE OF GAS CYLINDERS
Prasad Shri Hari Kewal

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether a large number of LPG cylinders are being used by Hoteliers, Halwais and Taxi-owners, particularly in Western U.P. ;

(b) if so, the cost of each cylinder and the difference between sale price and cost price, i.e., subsidy on each cylinder ;

(c) the action Government have proposed to take to prevent misuse of large volume of subsidy payable on account of unauthorized use of LPG cylinders ;

(d) whether such misuse is encouraging burden of exchequer as well as shortage of availability of cylinders for domestic use due to which householders have to pay exorbitant prices ; and

(e) if so, the action taken by the Government to prevent unauthorised use of LPG cylinders?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) : Some incidents of diversion of domestic LPG cylinders for commercial purposes in various markets have come to the notice of Government.

(b) : The import parity price of each domestic cylinder is Rs. 492/- per cylinder, based on the November, 2004 international prices. However, Public Sector Oil Marketing Companies (OMCs) are selling at the rate of Rs. 281/- per cylinder. Thus, subsidy on each cylinder is Rs. 211/- out of which Rs. 22.58 per domestic cylinder is provided from the Central Government budget during the year 2004-05, the rest being borne by OMCs.

(c) to (e) : Following measures have been taken to prevent the diversion of domestic LPG cylinders for commercial purposes :-

(i) Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000 under the Essential Commodities Act, 1995 has been promulgated. As per this Order, use of domestic LPG cylinders for commercial purposes is prohibited. Such offence is punishable with imprisonment from 3 months to 7 years under the Essential Commodities Act.

(ii) State Governments and Oil Companies are empowered to take action under the provisions of the above Order.

(iii) Marketing Discipline Guidelines (MDG) for LPG distributors of OMCs have been laid down by the Government in April, 2001. According to these guidelines, if the distributor is found indulging in diversion of domestic LPG cylinder for commercial purposes, penalties are imposed as follows :-

(a) Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for the 1st offence.

(b) Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for the 2nd offence, and

(c) Termination of the distributorship for the 3rd offence.

(iv) OMCs carry out refill audits of distributors from time to time to prevent any unauthorised use of domestic cylinders.

(v) Raids by OMCs, alongwith State Government officials, at commercial establishments are conducted periodically.